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### REMARKS

#### *Remaining Claims*

Eighteen (18) claims (Claims 1, 2, 4-12 and 14-20) remain pending in this application through this Amendment, claims 3 and 13 having been previously canceled. Claims 1, 2, 11, 12 and 14-20 have been amended by the amendment being filed herewith. As the amendments are believed to place the application in condition for allowance or, alternatively, in better form for consideration on appeal, entry of this Amendment is believed proper under 37 C.F.R. § 1.116.

#### *Finality of Action*

As a preliminary matter, it is respectfully submitted that the finality of the Office Action was premature. "Under present practice, second or any subsequent actions on the merits shall be final, except where the examiner introduces a new ground of rejection that is neither necessitated by applicant's amendment of the claims nor based on information submitted in an information disclosure statement . . ." MPEP § 706.07(a) (emphasis added). As discussed below, the rejection of claims 11, 12 and 14-20 under 35 U.S.C. § 101 as being directed to non-statutory subject matter was not made in the previous Office Action, and no amendments previously made to the claims altered the form or substance of the claims in any manner that would have raised a statutory subject matter issue. The Examiner made a similar Section 101 rejection in the Office Action mailed April 1, 2004, but then withdrew the rejection in the Office Action mailed December 21, 2004. The Applicants then filed a Request for Continued Examination, and in the first Office Action under continuing examination (mailed June 28, 2005), the Examiner did not issue any Section 101 rejection (as the rejection had been deemed overcome, according to the Office Action of December 21, 2004). Now, in this second Office Action, the Examiner raises the issue and designates the Action as final. It is respectfully submitted that the Applicants have therefore not had a fair opportunity to respond to this rejection, as required by MPEP § 706.07(a). In view of this, the Examiner is respectfully requested to reconsider and withdraw the finality of the Office Action.

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### ***Objections to the Claims***

The Examiner objects to the claim limitations added by the Amendment filed September 13, 2005 under 35 U.S.C. § 132(a) as introducing new matter. The Examiner states that the added limitations in claims 1, 2, 11 and 12 relating to the members of the manufacturing alliance being configured to perform the same type of operation as each other and members of the distributing alliance being configured to perform the same type of operation as each other are not supported by the original disclosure. The Applicants respectfully disagree.

The Examiner states that a scan of the specification for the language "all members ... being configured to perform a same type of operations ..." did not reveal use of this language. Although the claim language was indeed not copied verbatim from the specification, the substance of the limitation is found in the specification. The specification (e.g., Figs. 3-4 and accompanying text) makes clear that an "alliance" of manufacturers (or distributors) refers to entities that have the characteristic of performing the same task (and for that reason, the entity using the claimed system could select any of them as may be efficient in a particular instance). Through the examples set forth in the specification, it would be clear to any person skilled in the art that a manufacturer or distributor alliance is a group of manufacturers or distributors who can be considered interchangeable or essentially equally usable from the perspective of one who is setting up the virtual flows. The limitation is an important aspect of the invention and was added because it is important to emphasize that the manufacturer/distributor alliance is a group of similar entities. There is no statutory or case law requirement that claim language appear verbatim in the specification, so long as the language is understandable and adequately supported by the disclosure of the specification in combination with the drawings. As the meaning of this language is clear from the disclosure, it is respectfully requested that the Examiner withdraw this objection.

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***Rejection of Claims 11, 12 and 14-20 under 35 U.S.C. §101***

Claims 11, 12 and 14-20 stand rejected by the Examiner under 35 U.S.C. § 101, as being directed to non-statutory subject matter. The Examiner states that a "virtual business model" is not a concrete and tangible thing. The Applicants have amended independent claim 11, from which the other rejected claims depend, to emphasize that the claims are directed to a concrete and tangible "system." The Applicants respectfully request reconsideration and withdrawal of this rejection.

The Examiner cites State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d 1368, 47 U.S.P.Q. 2d (BNA) 1596 (Fed. Cir. 1998) as requiring that claimed subject matter produce a "useful, concrete and tangible result" to be considered statutory. The Applicants also wish to point out to the "Interim Guidelines for Examination of Patent Applications for Subject Matter Eligibility." See [http://www.uspto.gov/web/offices/pac/dapp/opla/preognitice/guidelines\\_101\\_20051026.pdf](http://www.uspto.gov/web/offices/pac/dapp/opla/preognitice/guidelines_101_20051026.pdf). The Examiner sets forth a 2-prong inquiry, asking: "(1) whether the invention is within the technological arts; and (2) whether the invention produces a useful, concrete and tangible result."

In In re Lundgren, Appeal No. 2003-2088 (BPAI 2005), the Board of Patent Appeals and Interferences held in a precedential opinion that there is no separate "technological arts" test. Accordingly, in Annex III of the Interim Guidelines, the "technological arts test" is deemed "improper." Therefore, the only remaining inquiry with regard to the present rejection is whether the claimed subject matter "produces a useful, concrete and tangible result."

The Applicants respectfully submit that the claimed subject matter produces a useful, concrete and tangible result because the claims are directed to the combination of virtual manufacturer and distributor alliances, each of which has computers and pathways or interconnections ("virtual flows"), which also include computers, for enabling electronic communication between the computers of the virtual alliances for use in the manufacture and distribution of the product and manage a flow of information along the virtual flows between

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alliance members, as well as a contracting business that has a computer programmed to interact with the computers of the virtual alliances. In sum, the claims are directed to a combination of computers and the manner in which they inter-operate. The Examiner questions whether claim 11 is directed to a "virtual business model" and, as such, merely recites "a combination of abstract ideas or plans and not things (product or item or composition) nor method/steps." The preamble of claim 11 as originally filed, reciting "a virtual business model," may not have been optimally worded, but it is nonetheless clear that the bodies of the claims recite real things, not "virtual" things: computers and interconnections. An arrangement of computers through which communications and information flow, is a concrete and tangible thing. (Note that the claims do not recite a method that produces a result but rather recite a combination of elements and the manner in which they interoperate, as in essentially any "apparatus" or "system" claim.)

To distance the claims from any inference that they are directed to methods of producing abstract ideas rather than what is concretely recited in their bodies, the claims have been amended to rephrase the preambles in terms of a "system." While the specification refers to the system as a "virtual business model" for purposes of convenience and clarity, it is recognized that current practice favors claims worded in terms of a "system" or "method." What is recited in the bodies of claims 11, 12 and 14-20 is indeed a system. The Applicants do not believe this changes the scope of the claims or requires any new consideration by the Examiner. Rather, the amendment is believed to merely conform the claims to currently accepted practice. In view of the foregoing, the Applicants respectfully request reconsideration and withdrawal of this rejection.

***Rejection of Claims 1-2, 4-10, 11-12, and 14-20 under 35 USC §112***

Claims 1, 2, 4-10, 11, 12, and 14-20 stand rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicants regard as the invention. The Applicants respectfully traverse the rejection and request reconsideration.

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The Examiner states that in claim 1, lines 7 and 12-13, and claim 11, lines 6 and 11, the phrase "to interact with other components of the virtual business model" is vague because it is unclear what are the "other components." The Applicants have amended claim 1 to clarify that it is the computers of the system that interact with each other, either directly or through operators.

The Examiner also states that there is insufficient antecedent basis for the term "virtual alliances" as used in lines 17, 20 and 28 of claim 1 and lines 16, 19 and 27 of claim 11. The Applicants believe it is clear that the term "virtual alliances" refers to the two types of virtual alliances earlier recited in the claim: the virtual manufacturer alliance and the virtual distributor alliance. Nevertheless, the claim has been amended to clarify this and ensure proper antecedent basis for all limitations.

In view of these amendments, the Applicants respectfully request reconsideration and withdrawal of this rejection.

***Rejection of Claims 11, 12, and 14-20 under 35 USC §102(b) - VAN HOEK or HAMMER***

Claims 11, 12, and 14-20 have been rejected by the Examiner under 35 U.S.C. §102(b) as being anticipated Van Hoek or Hammer. The Applicants respectfully traverse the rejection.

The Examiner states that the limitations regarding computer-implemented virtual manufacturer alliances, computer-implemented virtual flows, and a contracting business have been given no patentable weight because they are considered "merely nonfunctional descriptive material (data/information) . . ." The Applicants respectfully point out that the term "computer-implemented" was previously canceled from these claims and replaced with positive limitations reciting that the manufacturer alliances, distributor alliances and virtual flows all include computers, and that the computers are programmed or configured to interact with each other and otherwise perform the functions recited in these claims. An arrangement of programmed computers cannot be considered "non-functional descriptive material" or "data/information," and limitations recited in a

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claim regarding what the computers do cannot be ignored in assessing patentability. In view of the previous amendment to positively recite actual computers and the flow of information among them, Applicants respectfully request reconsideration of this rejection, with all limitations recited in these claims regarding the structure and function of the manufacturer alliances, distributor alliances and virtual flows accorded proper patentable weight.

Given proper patentable weight, these claims are limited to a system in which every member of the manufacturing alliance is configured (e.g., programmed or otherwise set up) to perform the same type of operation associated with manufacturing the product as all other members of that alliance. One of the important features of the invention is that each manufacturing alliance may include multiple members, each of which is capable of performing the same manufacturing task. For example, as shown in Fig. 3 of the present application, manufacturing alliances 14 and 16 each include multiple members. (See also Page 9 of the Applicants' specification, lines 1-3). While a member of manufacturing alliance 14 typically performs a different manufacturing task from that performed by a member of manufacturing alliance 16, members of manufacturing alliance 14 are configured to perform the same manufacturing task. Likewise members of manufacturing alliance 16 are configured to perform the same manufacturing task. This provides the virtual business model of the invention with great flexibility in choosing a manufacturer for a particular manufacturing task.

In view of the foregoing, the Applicants respectfully request reconsideration and withdrawal of this rejection.

***Rejection of Claims 1, 2, 4-10, 11, 12, and 14-20 under 35 U.S.C. §103(a) -  
VAN HOEK alone or in view of HAMMER***

Claims 1, 2, 4-10, 11, 12, and 14-20 are rejected under 35 U.S.C. §103(a) as being unpatentable over VAN HOEK alone, or further in view of HAMMER. The Applicants respectfully traverse this rejection for at least the reasons set forth in the Amendment filed in response to the previous Office Action that the Examiner states were not given patentable weight. Specifically, the Examiner

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states that the limitation that all members of the alliance are configured to perform the same type of operation was not given patentable weight because it was not positively recited in the method claim. The Examiner states that it "merely further limits an 'object' of the 'providing' step or 'members' in the step, and not the step of 'providing' . . . ." The Examiner contends that "being configured" merely means 'being equipped' or 'capable of" doing something. The Applicants respectfully disagree with this interpretation, and to the extent that the Examiner interpreted Applicants' previous comments to mean that "being configured" is synonymous with "being capable of" Applicants wish to provide clarification. The members of the manufacturer and distributor alliances are configured to perform a certain type of operation because they are set up to do so (e.g., by programming computers, establishing protocols and procedures, etc.). The term "being configured" means more than merely "being capable of." It means that the alliances have been provided with a configuration through their computer systems and/or protocols and procedures that have been put into place to make them perform the operation. That they have this configuration and thus perform the same operation as each other is a characteristic of their operation or functionality. It is their configuration. All characteristics or configurations of something structural should be given patentable weight, regardless of whether the structure having that configuration is recited as part of a step of a method claim or element of an apparatus claim. A step of, for example, "providing a blue widget" is distinct from a step of "providing a red widget." The characteristics of what is provided are proper claim limitations and must be accorded patentable weight. In the case of an alliance, the characteristic is that all members are configured to perform the same type of operation (and thus would, in operation of the system, in fact perform that same type of operation).

In response to the Examiner's statement that the configuration limitation limits an "object" of the "providing" step and not the "providing" step itself, the Applicants respectfully point out that the claim is directed to a combination of "providing" steps, wherein the sum of what is provided comprises a system in which configured alliances, virtual flows and a contracting business interoperate

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with each other to effect the result of the contracting business controlling the manufacture and distribution of the product. In other words, claim 1 is directed to providing a system, i.e., creating or making it. To clarify the effect of the providing steps, the Applicants have replaced the language in the claim preamble regarding "using a business model" with language clarifying that what is claimed is a method of making a system (by providing its constituent elements). It is believed that perhaps reading the claim limitations in light of a preamble more in line with what is recited in the body of the claim will reveal that the "configuration" limitations at issue do act as limitations upon the "providing" steps.

Van Hoek does not disclose that the members of its supplier groups all perform the same type of operation as each other. The first tier suppliers referred to in Van Hoek are not configured to perform a 1<sup>st</sup> function, as the Examiner asserts. Rather, the first tier suppliers are all configured to perform different functions. Van Hoek, in providing an example of the 1<sup>st</sup> tier suppliers, states:

These seven companies are located at the same site as MCC and supply 'super modules' based on a postponed purchasing approach. Modules are bought by the OEM only when they are needed in the final assembly process (postponed purchasing). For example a complete rear section, including wheels, suspension and engine, is pre-assembled by one supplier who maintains the module in its possession until it is needed on the assembly line. The same is true for the doors and for the dashboard system. Together these seven suppliers supply 50 per cent of the total value of the purchased product.

Thus, it is clear that the suppliers referred to in Van Hoek are not members of a manufacturing alliance comprising a plurality of members that all perform the same type of product manufacturing operation as each other, as recited in independent claims 1 and 11.

The Examiner states that "clearly, the seven suppliers are equipped or capable of doing the same type of job or different jobs, depending [upon] each scenario or economic decisions." The Applicants respectfully submit that nothing

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in Van Hoek compels the conclusion that the suppliers all perform the same type of job. They could perform different jobs. In Applicants' invention, the alliances not only can but do perform the same type of job because they are specifically configured to perform that job and not configured to perform different jobs. The Applicants have amended the claims to clarify this.

The Applicants respectfully submit that there is no motivation in Van Hoek or Hammer for all members of the manufacturer and distributor alliances to have the characteristic of performing the same type of operation as each other (and not performing different operations from each other), because Van Hoek's objective is entirely different. Therefore, these claims would not have been obvious to a person of ordinary skill in the art. Accordingly, the Applicants respectfully request reconsideration and withdrawal of this rejection.

***Rejection of Claims 7 and 10 under 35 U.S.C. §103(a) - VAN HOEK alone or in view of HAMMER, and further in view of LEWIS et al.***

Claims 7 and 10 are rejected for a 2<sup>nd</sup> time under 35 USC §103(a) as being unpatentable over VAN HOEK alone, or VAN HOEK/HAMMER as applied to claims 1, 2 and 4-10 above, and further in view of LEWIS et al. (Article 1997). The Applicants respectfully traverse the rejection.

Although claims 7 and 10 recite features that are not taught or suggested by the prior art of record, because these claims depend from independent claim 1, which is believed to be patentable over the prior art of record for the reasons set forth above, the Applicants respectfully submit that claims 7 and 10 are also patentable over the prior art of record for at least those reasons. Accordingly, the Applicants respectfully request reconsideration and withdrawal of this rejection.

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**CONCLUSION**

In view of the foregoing, the Applicants believe entry of this Amendment is proper under 37 CFR § 116(b)-(c) as placing the application in condition for allowance or, alternatively, in better form for consideration on appeal. The Applicants respectfully request reconsideration and withdrawal of the remaining rejections in view of the above and allowance of the application. Should there be any further questions or concerns, the Examiner is urged to telephone the undersigned.

Respectfully submitted,  
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